

Muhurat 2014

- The last Samvat has been a great year as far as the equities are concerned with Nifty giving returns of 25% + and midcap indices performing even better at 47%.
- The government's pro-activeness is complemented by robustness in economic data points. GDP growth has revived to a nine-quarter high of 5.7% in Q1FY15, strengthening hopes of an economic turnaround and a shift to a high growth trajectory. Secondly, softening crude prices at a 27-month low of \$87/barrel would cushion the current and fiscal account imbalances. At current levels, underrecoveries are expected to decline to ~Rs. 80,500 crore in FY15 from ~Rs. 140,000 crore in FY14. Thirdly, declining crude prices would also help soften inflation, which had remained at elevated levels for much of the recent past.
- While it is still early days in terms of recovery in macro-economic indicators, the softening of inflation is a positive sign and if it continues to be under RBI's comfort levels, we expect a rate cut in H2 FY15. We believe, cyclicals like Banks, Autos, Capital Goods will be well-placed to capture the economic recovery going forward.
- The next Samvat holds great promise with a stable Government at the centre with clear determination to keep the reform process on-going and get India back on the path of economic growth. Recovery is already under way and has been seen in sectors like Autos, Mining, Petroleum, Consumer Goods etc.
- Given the current valuations due to the steady rise in the markets, any re-rating will be earnings driven rather than value driven.

• Source: Greshma Research

Muhurat Picks - 2014

Technical Picks	CMP	Target	Expected Returns
Bank of India	267.3	320	20%
Bharti Airtel	409.4	500	22%
Container Corporation	1316.5	1800	37%
Bharti Infratel	296.9	340	15%
NTPC	146.7	200	36%
Power Grid	139.5	157	13%
SAIL	83.4	95	14%
Shriram Transport Finance Co.	913.2	1154	26%

Fundamental Picks	CMP	Target	Expected Returns
HDFC Bank Ltd.	894	1020	14%
Oberoi Realty	240	290	21%
Tata Motors	520	650	25%
Sharda Cropchem	251	328	31%
Techno Electric	270	340	26%

HDFC Bank Ltd.

Target- Rs1,020

- HDFC Bank Ltd. (HDFCB) in Q2 FY15 displayed healthy performance with beat from NII and better fees
- Opex growth saw an uptick after a few quarters as the bank added high branch network with higher ratio in metro & semi urban areas a move seen as positive in the long run
- Higher penetration through network addition will help strengthen both asset & liability profile and in-turn increase market share in retail products which will help retain high margins and stability in asset quality.
- Wholesale book has been growing faster than retail book but has now started catching up especially from Auto loans (also CV/CE) and unsecured segment, HDFCB is well placed to capture the revival of the CV/ CE cycle and we expect disbursements in the same to grow at a healthy pace
- HDFCB has managed the recent slowdown well by cutting down on costs as loan and fee growth moderated
- Management holds board approval to raise Rs. 10,000 core from FIIs and the matter of increasing FII limits from 49% to 74% is pending with the FIPB, we expect FIPB to take a much broader approach to the issue and provide a long term fix to the situation
- With retail disbursements expected to pick up in 2H FY15 and fee growth expected to inch up in FY16, profit growth will be led by growth rather than cut in operating expenses
- With HDFCB currently trading at 3.2x Sep-16E book value of Rs. 279.5, we find it under valued as compared to its historical PB of ~3.7x. With an implied PB multiple of 3.65x Sep-16E book of Rs. 279.5, we recommend a BUY on HDFCB with a TP of Rs. 1020 for a 1 year time horizon

Oberoi Realty

Target- Rs. 290

- Oberoi Realty's (OBER) Q2 FY15 revenue of Rs. 1.9 bn were ahead of expectations owing to higher than expected revenue from Exquisite Project
- We expect marked improvement in volumes over FY15-16E with the launch of 4-5 residential projects
- Revival in cash flows from launch of Worli, Mulund and Splendor Phase III and higher sales velocity on completion of Exquisite in 4QFY15 are main catalysts
- Sales velocity in upcoming projects a key monitorable
- Based on FY16E NAV, we recommend Buy Oberoi Realty with a TP of Rs. 290 for a 1 year time horizon

Sharda Cropchem

Target- Rs. 328

- Sharda Cropchem Ltd (SCL) is a crop protection chemical company engaged in the marketing and distribution of a wide range of formulations and generic active ingredients globally.
- SCL has a **differentiated business model** than its listed peers. SCL's core competency lies in getting registration for products in various countries.
- As on date it has 1200 approved registrations with 500 pending approvals.
- The Company has a strong balance sheet with healthy return ratios. It has the ability to leverage the balance sheet (currently Zero Debt) to take advantage of a favorable business cycle.
- Between FY10-14 SCL's revenues grew at CAGR of 22% . At CMP the stock is trading at 17.2x on FY15E P/E which is below peers and we recommend a BUY Rs 328 (22x on FY15E).

Tata Motors Ltd.

Target- Rs. 650

- Tata's CV business has been impacted by a slowdown in the economy, which has led to 45% decline in M&HCV sales since FY12. However, the worst is over for the CV industry. Road freight rates have risen over the last six months, as have truck fleet utilisation rates. We expect M&HCV sales to register 19% CAGR over FY15-17E.
- JLR's phenomenal product momentum is set to continue with an imminent busy launch schedule, including the significant launch of small Jaguar. JLR's new launches over the next few years would encompass both replacement of aging models and entry into new segments
- JLR's manufacturing JV (50% held by JLR) in China has begun trial production. JLR's share of profits from this unit will be similar to the profits it would have made had it continued importing. The profitability would be boosted by lower tax incidence (10% duty on value of parts imported vs 25% on value of car imported), better cost structure (lower logistics cost and other localisation benefits), better volumes offset by lower price (we assume 15% price cut). JLR will have a claim on 50% of the profits of the JV in addition to charging about c4% royalty on gross sales.
- We expect Tata Motors' earnings to double over three years (FY14-17E) led by strong growth in the JLR business and turnaround in the Indian business. TTMT stock is trading at an attractive valuation of 7.0x FY16E PER, which is lower than European premium car peers ~7.7-10.1x. We recommend a Buy with a TP of Rs. 650, which implies a PE of 8.6x FY16E EPS of Rs. 75, with a time horizon of 1 year

Techno Electric

Target- Rs. 340

- It is involved the following business segments.
 - EPC contracting focused on the India Power sector**
 - ❖ Turnkey projects ranging from complete power generating plants to system packages of plants tailored to complement larger systems provided by others
 - ❖ Electrical system across generation, Transmission & Distribution up to 765 kv
 - ❖ Tailored power solutions for Industries such as Aluminum, petrochemicals etc
 - Renewable Power Generation** - operates 207 MW of Wind Energy assets. Plans to enter Bio Mass, Solar and Hydro based power generation
 - Transmission**- Won a 25 year (extendable by 10 years) Concession in consortium with Kalpataru Power for transmission link at Jhajjar Haryana. Currently operating the same through a PPP.
- India is expected to add ~ 75,000 MW generation capacities in the 12th plan. TEEC has the expertise to cater to ~17-20% of the total spending required in power generation plants, thus it has a large addressable market given the planned increase in generation capacity. PGCIL, one of its biggest clients
- We expect the bottom line to grow at ~20% given the companies focus on higher margin EPC projects and regular investments in 1 BOOM project every year
- The stock is currently trading at a PE of 11x FY16E EPS of Rs. 24.5, we recommend Buy on Techno Electric Ltd. with a TP of Rs. 340 for a 1 year time horizon

Technical Picks for Samvat 2071

Scripts	Buying Range		TGT	TGT 1	SL
BANKINDIA	245	220	320	348	200
BHARTIARTL	365	345	500		300
CONCOR	1200	1120	1800		1000
INFRATEL	273	CMP	340		244
NTPC	145	CMP	200		130
POWERGRID	126	CMP	157		115
SAIL	72	CMP	95	103	65
SRTRANSFIN	814	844	1154		700

Technical Performance for Samvat 2070

Scripts	Buying Range		SL	TGT	TGT 1	TGT 2	High	Return	Return On High
INDUSINDBK	455	443	425	490	500	516	580	-6.59	27.47
JYOTHYLAB	168	180	150	220	227		300	35.12	78.57
NATIONALAUM	37.5	36	32.5	44	47		69	25.33	84.00
VOLTAS	87	85	78	97	100	110	270	26.44	210.34
TORNTPOWER	85.5		76	100	107	114	170	33.33	98.83
GSFC	58	59	53	68	73		122	-8.62	110.34
CANBK	250	260	230	292	300	313	495	16.80	98.00

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Fundamental Picks for Samvat 2071

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Tata Motors	520	650	25%
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Fundamental Performance for Samvat 2070

Scripts	Reco. Price	Buying Range		TGT	TGT 1	High	Return	Return On High
LT	973	900	960	1120	1200	1700	29.03	82.80
IDEA	173	160	175	210	221	178		6.27
M&MFIN	283	255	280	334	360	356	34.58	33.08
TATASTEEL	334	300	330	380	415	580	31.75	84.13
AXISBANK	244	232	245	280	303	420	27.04	76.10
AJANTAPHARMA	890	760	830	960	1030	1800	29.56	126.42
YESBANK	368	325	357	407	445	630	30.50	84.75
BERGERPAINT	230	200	225	266	275	420	29.41	97.65
DBCORP	268	235	260	315	330	368	33.33	48.69
CROMPGREAV	105	90	99	125	142	230	50.26	143.39
KPIT	145	122	140	175	190	191	45.04	45.80

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